



## The Resilient Investor

With sincere empathy, we can say that we understand how you have felt during times when the bear market has deepened, and stock prices have moved lower with increased volatility. We've said before that it's okay to feel uneasy, dispirited, or even fearful as markets move through their occasional and expected down cycles. If you didn't feel this way, during times such as the Great Recession —you wouldn't be human.

We spent much of September 30, 2009, the day after the Dow dropped nearly 800 points, realizing that we were amid the worst financial gloom and doom bombardment that many of us had witnessed to date. It was hard not to stop dead in our tracks when we read bold headlines scrolling on the screen, including: **R.I.P. American Dream**

The CNN anchor then stated with deadpan stoicism that "*What's really at stake here is the American Dream. Law makers are now uncertain that their children will be able to live the American Dream.*" Honestly, it was hard not to instantly start laughing. In retrospect, it would have seemed inappropriate to any other concerned CNN viewers, but it was our natural response. R.I.P American Dream? Are you kidding me? That is so preposterous that it almost escapes explanation.

Our bemusement shortly turned to anger upon realizing that we weren't watching some second-rate charlatan on CNBC, but instead were watching the revered CNN. This was a network that some rely on for *real* news, not so much the infotainment we find elsewhere. We knew that no one would hold networks accountable for furthering unnecessary hysteria. Then we started to examine our other surroundings a bit more closely and saw the cover pages of the *New York Times*, *USA Today*, and the *Philadelphia Inquirer* and noticed that they all contained somewhat less egregious, but equally unsettling versions of CNN's senseless proclamations. We couldn't help but feel sorry for all the targets of this bombardment.

We want you to have the confidence and perspective to have the same skeptical reaction when you see something ridiculous like that segment on CNN. Please understand that sensationalism and trumped-up threats of the year 1929 help ratings, not investors.

The media barrage was in full swing and hard to escape. A different network segment was introduced: *Crisis Watch—is your money safe?* We thought, "Wow, this network is really doing some damage to the psyche of the investor at large." The shot then turned to a screen divided into seven shots to accommodate the seven "experts" just waiting for the market to open so they could offer their obligatory incoherent conjecture as to why it made its every oscillation. It was at that point that one of them use the word "unprecedented"—which, of course, intimates that this time is different.

We've heard the term "unprecedented" kicked around a lot and must assert that its use is wholly inappropriate. We have experienced much longer and much deeper bear markets within the past decades...you may recall the post tech-boom bear market lasting 927 days with a peak to trough drop of 49% in the US equity market. In the past half-century we've seen the Russian government default on its debt, the Japanese economy suffer an Icarus-like fall, the 22% one day drop of October 1987, and numerous other precedents for stock price movements like this one.

The result has always been the same. No matter how apparently desperate the crisis—the market is resilient and recovers. The investors who are similarly resilient enjoy that eventual recovery and ill-advised or panicky investors miss out and get back into the market much later, just in time to catch the full brunt of the next bear market.